

By: Representative Brown

To: Appropriations

HOUSE BILL NO. 853

1 AN ACT TO AMEND SECTIONS 25-65-9 AND 25-65-25, MISSISSIPPI  
 2 CODE OF 1972, TO REMOVE THE CONDITION THAT FUNDS MUST BE  
 3 SPECIFICALLY APPROPRIATED FOR THE EMPLOYMENT OF AN INTERNAL AUDIT  
 4 DIRECTOR AND STAFF BEFORE UNIVERSITIES, COMMUNITY/JUNIOR COLLEGES  
 5 AND STATE AGENCIES MUST EMPLOY AN INTERNAL AUDIT DIRECTOR AND  
 6 STAFF; TO AMEND CHAPTER 437, LAWS OF 2003, TO EXTEND UNTIL JULY 1,  
 7 2006, THE DATE BY WHICH UNIVERSITIES, COMMUNITY/JUNIOR COLLEGES  
 8 AND AGENCIES MUST COMPLY WITH THE PROVISIONS OF THE INTERNAL AUDIT  
 9 LAW; TO REMOVE THE CONDITION THAT FUNDS MUST BE SPECIFICALLY  
 10 APPROPRIATED FOR THE IMPLEMENTATION OF THE INTERNAL AUDIT LAW  
 11 BEFORE UNIVERSITIES, COMMUNITY/JUNIOR COLLEGES AND AGENCIES MUST  
 12 COMPLY WITH THE PROVISIONS OF THAT LAW; AND FOR RELATED PURPOSES.

13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

14 **SECTION 1.** Section 25-65-9, Mississippi Code of 1972, is  
 15 amended as follows:

16 25-65-9. (1) Except as otherwise provided by subsection (2)  
 17 of this section, each university, community/junior college and  
 18 state agency shall \* \* \* employ an agency internal audit director  
 19 who shall be appointed by the university president or chancellor,  
 20 the community/junior college president, elected official or  
 21 executive director or his counterpart of a state agency without a  
 22 governing board or commission. The university president or  
 23 chancellor, the community/junior college president or the agency  
 24 head shall ensure that the university, community/junior college or  
 25 agency shall employ \* \* \* a sufficient number of professional and  
 26 support staff to implement an effective program of internal  
 27 auditing. Compensation, training, job tenure and advancement of  
 28 internal auditing staff shall be based upon the rules of the State  
 29 Personnel Board for other business employees in the system. The  
 30 internal audit organization shall have organizational status  
 31 outside the agency's staff or line management functions or units  
 32 subject to audit, and shall be free of operational and management

33 responsibilities that would impair the ability to make independent  
34 audits of any aspects of the agency's operations. An agency,  
35 university or community/junior college internal audit director may  
36 be terminated by the appointing authority in accordance with State  
37 Personnel Board rules and regulations for any state employee after  
38 a seven (7) day notification period to the State Auditor.

39 (2) The university president or chancellor, the  
40 community/junior college president or agency head of a university,  
41 community/junior college or state agency, respectively, may  
42 outsource the internal audit function if he determines that it is  
43 more cost efficient than establishing the audit personnel and  
44 procedures provided in subsection (1) of this section. Internal  
45 audit services may not be outsourced to the same firm or  
46 individual who performs independent audit or other consulting  
47 services to the university, community/junior college or agency.

48 **SECTION 2.** Section 25-65-25, Mississippi Code of 1972, is  
49 amended as follows:

50 25-65-25. (1) The university, community/junior college or  
51 agency head shall make available to the internal audit director  
52 adequate resources \* \* \* to ensure the professional development  
53 and continuing professional education of the internal audit staff.

54 (2) The internal audit director shall cooperate with the  
55 State Auditor or other external auditor in the exchange of  
56 technical assistance and access to current information concerning  
57 audit techniques, policies and procedures.

58 **SECTION 3.** Section 18 of Chapter 437, Laws of 2003, is  
59 amended as follows:

60 Section 18. This act shall take effect and be in force from  
61 and after July 1, 2003, and the universities, community/junior  
62 colleges and agencies identified in this act shall comply with the  
63 provisions of this act not later than July 1, 2006.

64 **SECTION 4.** This act shall take effect and be in force from  
65 and after July 1, 2004.